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SENIOR INTERAGENCY GROUP (INTELLIGENCE)

WASHINGTON, D.C. 20505

DCI/ICS 0848-87

20 JUN 1987

MEMORANDUM FOR: The Honorable Frank C. Carlucci
Assistant to the President for
National Security Affairs

SUBJECT: First Biannual Report for the President on the President's
Report to the Congress on the Nation's Counterintelligence
and Security Countermeasures, Plans, Programs, and
Capabilities (U)

1. This memorandum, constituting my first major action as Chairman, Senior Interagency Group-Intelligence (SIG-I), responds to the President's November 4, 1986 charge to my predecessor to report biannually over the next two years on progress made and problems encountered in implementing the commitments made by the President to the Congress in his Report to the Congress on the Nation's Counterintelligence and Security Countermeasures Plans, Programs, and Capabilities. I recognize that the events that have occurred since his report was delivered to the Congress have added to the urgency and importance of successfully carrying out the commitments made in that report. I assure you, consequently, that I shall push vigorously to meet these Presidential goals in the counterintelligence and security countermeasures areas. This first report summarizes responsive activities, detailed in the attached annexes. I intend to review the second report in October and forward it to you in November. I also anticipate being able to report even more progress at that time. [REDACTED]

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2. Concurrent with the release of the President's report, the Senate Select Committee on Intelligence (SSCI) prepared a report entitled Meeting The Espionage Challenge: A Review of United States Counterintelligence and Security Programs. The many similarities in the two reports dictated that the SIG-I meld them to the extent possible in tasking the executive agencies to respond to them. As a result of this combination, over 200 separate items were identified and assigned through the SIG-I system for action by the appropriate agency, working group, or other extant element. The items are varied; a few can be satisfied by a single action, but many require

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B-6002-1R

SUBJECT: First Biannual Report for the President on the President's
Report to the Congress on the Nation's Counterintelligence
and Security Countermeasures Plans, Programs, and Capabilities (U)

continuous actions by many people in multiple locations. Listing completed or in-process tasks, consequently, requires subjective evaluation. In fact, many tasks will be perpetually "in process" and never "completed." Further, the aforementioned reports reinforced tasking developed in previous security studies, particularly the Department of Defense Security Review Commission report of 19 November 1985 entitled Keeping the Nation's Secrets: A Report to the Secretary of Defense by the Commission to Review DoD Security Policies and Practices (the "Stilwell Commission Report"), as well as initiatives developed by the Information Security Oversight Office that are currently pending approval by the National Security Council. Since they are all inextricably intertwined, reference to the various reports will necessarily appear in the detailed responses. [REDACTED]

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3. As can be seen from the selected highlights, progress has been made in several key areas during this initial reporting period. Additional progress will be achievable in the next reporting period because many activities are already in train. Nevertheless, there is still much to do. As further "shaking out" of the issues and problems occurs over this next period, a better understanding of the problems faced in initiating action or completing the remaining items should be discernable. [REDACTED]

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)
INTERAGENCY GROUP/COUNTERINTELLIGENCE
WASHINGTON, D.C. 20505

May 15, 1987

MEMORANDUM FOR: The Honorable Robert M. Gates
Acting Chairman
Senior Interagency Group/Intelligence

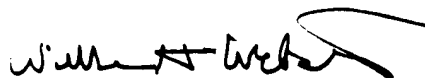
Attention: Joseph Piccolo
Community Counterintelligence and Security
Countermeasures Staff

FROM: William H. Webster
Chairman
Interagency Group/Counterintelligence

SUBJECT: STATUS OF IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN
PRESIDENTIAL AND SENATE SELECT COMMITTEE ON INTELLIGENCE
REPORTS ON COUNTERINTELLIGENCE/COUNTERMEASURES

This communication is classified "Secret" in its entirety.

Attached are two copies of the requested status report on the implementation of recommendations contained in the Presidential and Senate Select Committee on Intelligence reports on Counterintelligence/Countermeasures. This report addresses those recommendations which fall under the purview of the Interagency Group/Counterintelligence. Central Intelligence Agency, Department of Defense and Federal Bureau of Investigation counterintelligence components have all contributed to this product.


William H. Webster

Enclosures (2)

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JOINT RESPONSE OF THE

CENTRAL INTELLIGENCE AGENCY (CIA)
DEPARTMENT OF DEFENSE (DOD)
FEDERAL BUREAU OF INVESTIGATION (FBI)

TO THE RECOMMENDATIONS CONTAINED IN THE
PRESIDENTIAL AND SENATE SELECT COMMITTEE ON INTELLIGENCE
REPORTS ON COUNTERINTELLIGENCE/COUNTERMEASURES

April 30, 1987

This communication is classified "Secret" in its entirety.

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)
INTERAGENCY GROUP/COUNTERMEASURES (POLICY)
WASHINGTON, D.C. 20505

15 April 1987

MEMORANDUM FOR: ACTING CHAIRMAN, SENIOR INTERAGENCY GROUP-INTELLIGENCE

FROM: Craig Alderman, Jr.
 Chairman, Interagency Group/Countermeasures(Policy)

SUBJECT: IG/CM(P) Responses to Presidentially-directed Tasks

The committees of the IG/CM(P) have prepared the attached responses to the policy countermeasures tasks culled from both the President's and Senate's reports on counterintelligence and countermeasures. I have read these responses and concur that they are satisfactory and are now ready for your review before forwarding to the President.


Craig Alderman, Jr.

Attachments:
Responses from the Information Security, Personnel
Security, and Physical Security Committees

Regraded Unclassified when removed
from Classified attachments

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)
INTERAGENCY GROUP/COUNTERMEASURES (POLICY)
WASHINGTON, D.C. 20505

(ISCOM)

7 April 1987

MEMORANDUM FOR EXECUTIVE SECRETARY, INTERAGENCY GROUP/COUNTERMEASURES (POLICY)

SUBJECT: Information Security Committee (ISCOM) Implementation Status Report
Regarding "President's Report"

This report is in addition to that provided on 30 March 1987 regarding the government-wide implementation of the Stilwell Commission's proposals on managing and controlling classified information. It is based on and is keyed to the list of collated actions appended to the IG/CM(P) Chairman's 24 October 1986 memorandum (DCI/ICS-86-0938). Only the actions from the President's report assigned to the ISCOM are addressed.

I.B.4. Establish minimum training standards in information security.

STATUS: No action to date for government employees but this concept has been implemented in the November 1986 edition of the Industrial Security Manual for Safeguarding Classified Information (DoD 5220.22-M). Now, facility security officers must complete minimal security training. (Please note that DoD 5220.22-M is applicable to the cleared contractors of virtually the entire Executive Branch with two major exceptions - the Department of Energy and the Central Intelligence Agency.)

I.C.1.a. Each agency implement NSDD-197.

STATUS: Defense implemented on 26 February 1986 via DoD Directive 5240.6, "Counterintelligence Awareness and Briefing Program."

I.C.1.b. Reinforce provisions of NSDD-197.

STATUS: See above item.

I.C.2.a. Maintain security awareness of the public at large.

STATUS: No specific action to date.

I.C.2.b. Alert public to the importance of approaches by foreign representatives seeking classified information.

STATUS: No action to date.

I.C.4. Monitor and report annually on accomplishments in security awareness in the contractual sector.

STATUS: Security awareness continues to receive emphasis in several ways. Steps are being taken to expand the distribution of the Security Awareness Bulletin of the Department of Defense Security Institute. Also, the Department is continuing its support of security groups such as the American Society for Industrial Security and the National Classification Management Society. Further, a high-level DoD official recently made a security classification

system presentation at the annual gathering of the American Association for the Advancement of Science.

II.B.1.a. Implement initiatives of the ISOO.

STATUS: The Department of Defense has taken unilateral action in this area as follows:

- ISOO # 1 - Minimum security education for original classifiers - implemented in paragraph 1-600 d., DoD 5200.1-R, "Information Security Program Regulation," June 1986.
- ISOO # 2 - Agency self-inspections and criteria for internal oversight - not implemented.
- ISOO # 3 - Mandatory classification challenge - implemented in subsection 2-103, DoD 5200.1-R, June 1986. (This is essentially similar to Stilwell Commission recommendation 21.)
- ISOO # 4 - Presidential statement on overdistribution of classified material - not implemented.
- ISOO # 5 - Review automatic and standing distribution lists at least once each year - implemented in paragraphs 7-207 c. and 7-208 b., DoD 5200.1-R, June 1986.
- ISOO # 6 - Encourage agencies to place controls on reproduction of all classified information - implemented in subsection 7-305, DoD 5200.1-R. (This is similar to Stilwell Commission recommendation 23.)
- ISOO # 7 - Amend Executive Order 12356 to require that classification management have agency head attention and require that management of classified information be included in performance rating systems - Executive Order not changed but security is now part of the performance rating system within the Department of Defense as required by paragraph 9-102 d., DoD 5200.2-R, "Personnel Security Program," January 1987.
- ISOO # 8 - White House to ask for OPM review and revision of the security specialist (GS-088) job series - the Deputy Secretary of Defense has requested the same action in response to a recommendation of the Stilwell Commission. (See Stilwell Commission proposal 62.)
- ISOO # 9 - President to direct the Secretary of Defense to study feasibility of expansion of Department of Defense Security Institute to train all Executive Branch personnel - not implemented.
- ISOO # 10 - President to issue statement about need-to-know - not implemented.
- ISOO # 11 - Amend Executive Order 12356 to require additional effective oversight of special access programs - not implemented.
- ISOO # 12 - That ISOO coordinate with the Security Committee (SECOM) of the intelligence community the development of educational materials

addressing the damage caused by unauthorized disclosures - not implemented.

ISOO # 13 - President to ask the Attorney General to revise guidelines on the investigation of unauthorized disclosures - not implemented.

Please note that some of the ISOO initiatives are essentially similar to recommendations of the Stilwell Commission that are the subject of the ISCOM's 30 March 1987 report cited above. To this extent, there already is agreement that government-wide implementation should occur, notwithstanding the fact that the National Security Council has not yet approved the ISOO's initiatives.

II.B.2. - Amend ISOO directive to establish minimum degree of accountability for Secret information.

STATUS: No action to date.

II.B.3.a. - Amend Executive Order 12356 regarding special access program oversight.

STATUS: No action to date.

II.B.6. - Require sampling of the correctness of classification in agency oversight programs.

STATUS: No action to date.

II.B.7.a. - Direct a high-level study on transfer of information.

STATUS: No action to date.

II.B.9. - Accelerate negotiation of general security of information agreements; establish more stringent criteria for security reviews; and provide dedicated inspection personnel.

STATUS: Specific action on the first two parts of this was not determined but, with respect to the last part, authorization for additional personnel has been requested and is being considered and evaluated in light of Office of the Secretary of Defense staffing requirements.

II.B.10.a. - Complete implementation of the DoD withholding authority for certain technical data.

STATUS: Full implementation of DoD Directive 5230.25, "Withholding of Unclassified Technical Data From Public Disclosure" is essentially complete in terms of major DoD Component supplemental issuances. However, there remains a lag in putting the new policies into practice.

II.B.10.b. - Establish formal criteria for release of reports.

STATUS: No action to date.

II.B.11.a. - Direct that all agencies have procedures to detect unauthorized disclosures and report such.

STATUS: No action to date.

II.B.11.b. - Direct development of plans for prompt investigation of significant unauthorized disclosures.

STATUS: No action to date.

II.B.11.c. - Use all remedies against violators.

STATUS: This policy has been implemented within the Department of Defense (by subsection 14-102 of DoD 5200.1-R, Information Security Program Regulation); no further action taken to date.

II.B.11.d. - Authorize withholding of payments to contractors to enforce security requirements and revoke clearances for non-compliance.

STATUS: These are essentially the same as Stilwell Commission recommendations 50 and 51; existing policy permits such actions but the National Industrial Security Advisory Committee is to review the situation.

II.B.13. - Enjoin agency heads to comply with Federal Records Disposal Act.

STATUS: No action to date.

II.C.3. - Establish procedures for continually assessing individual reliability to include financial vulnerability.

STATUS: No action to date. (Upon reconsideration, this proposal probably should be assigned to the Personnel Security Committee.)

III.A. - Urge retention in H.R. 4759 of a provision making violation of the Intelligence Identities Protection Act of 1982 a federal crime.

STATUS: Not determined.

III.B. - Develop recommended statutory authority to improve cryptographic security.

STATUS: Not determined.

III.F. - Protection of technical data with space application.

STATUS: The Department of Defense has attempted to support this concept in the past and will continue to do so. (It is suggested that the full text of this recommendation was classified in error; some effort should be made to declassify it.)

III.G. - Welcome the opportunity for joint discussions between Congress and the Executive Branch regarding legislation on unauthorized disclosures.



STATUS: No specific action to date.

As noted at the outset, this report is in addition to the one provided on the Stilwell Commission's proposals. Government-wide implementation of those

proposals should have an immediate and beneficial impact on security and thus they were addressed first.

This status report will be refined and updated during subsequent meetings of the Committee. It has been coordinated with all but three of the Committee's members who were not available.

STAT



Chairman

Copy furnished:
DUSD(P)

131 MAR 1987

Personnel Security Committee
Washington, D.C. 20505

MEMORANDUM FOR: Chairman, Interagency Group/Countermeasures (P)

VIA: Director, Community Counterintelligence
and Security Countermeasures Staff

FROM:

Chairman, Personnel Security Committee

STAT

SUBJECT: Status of Personnel Security Committee Efforts
on Implementation of Actions Directed in
the President's Report

Listed below are items from the President's Report on which
the Personnel Security Committee is taking action. Following
each item is a note on current status and planned action.

STAT

ENHANCE PROFESSIONALISM OF THE WORK FORCE

1. Expedite review and revision of Security Administration
Series (GS-080). (U)

P. 17, President's report. Lead: PSC - OPM

° The Office of Personnel Management expects to have a
final draft of the revised GS-080 series ready this
spring. (U)

2. Ensure appropriate training for certified security
managers and other security specialists in the Security
Administration Series GS-080, consistent with the findings of
the current OPM occupational study of that series. (U)

P. 18, President's report. Lead PSC - OSD-OPM

° During 1986, DoD devised, tested and implemented a new 080 training course. This three-week course was in its third running in February 1987 and has received favorable comments from DoD components. We will look into the applicability to other agencies of this course or elements of it. The Security Awareness and Education Subcommittee has been tasked with developing additional training recommendations. The Director of OPM plans to examine the entire spectrum of conditions affecting the employment of security professionals to include benefits, quality of life in general, pay incentives, promotional opportunities, etc. (U)

3. Recommend to the NSC practical measures to enhance professionalism of the DoD security work force that are applicable throughout the Federal Service. (U)

P. 17 President's report. Lead: PSC - OSD-OPM

° One such measure was among the Stilwell Commission report recommendations which were reviewed for government-wide applicability in early 1986 by an IG/CM working group chaired by DoJ. This was recommendation #60, which called for uniform training for security officers (page 89 of the report). The working group endorsed the concept of agency-by-agency responsibility for security training to meet individual agency needs; the PSC can help make existing training techniques and curricula more available for agencies to adopt as needed. Recognizing that training alone may be insufficient, an early task of the PSC will be to explore other measures for enhancing security professionalism throughout the Federal Service.

[redacted]

STAT

SECURITY EDUCATION AND AWARENESS

4. Accelerate development of education and training programs for DOD civilian and military employees and contractors, and make course materials available to all interested agencies. [redacted]

STAT

P. 18, President's report. Lead: PSC - OSD-SAES

° DoDSI has prepared an ambitious plan for 1987 which, if it can be implemented, will both improve and speed the education and training of contractor employees. CIA is preparing a new briefing program on the hostile threat which emphasizes management involvement. The Security Awareness and Education Subcommittee (SAES) has begun to develop other ideas and to scope existing programs to maximize coordination of effort and assistance to agencies which may wish to enhance their contractor programs. [redacted]

STAT

5. Each agency vigorously implement NSDD-197.

STAT

PP. 19 and 27, President's report. Lead: PSC

° NSDD 197 (1 Nov 85) required agencies to provide for reporting of foreign contacts and to create/maintain security awareness and education programs. Most agencies responded to the requirement to report the status of their security awareness programs to the NSC as of 1 Dec 85. The SAES has reviewed the results of this status report and will update it as a first step. Although many agencies were then in basic compliance, some agencies indicated work in progress on various requirements of the NSDD. Subsequent SAES efforts will focus on providing practical assistance to agencies, as requested, in maintaining current and effective programs.

NSDD 197 also required the reporting of contacts with Soviet and Soviet Bloc nationals. Requirements for reporting foreign contacts are included in the new Executive order on standards for access to classified information.

STAT

6. Reinforce the provisions of NSDD-197 (1985) to place greater emphasis on security awareness and education programs.

STAT

P. 19 and 27, President's report. Lead: PSC

° A two-day planning session will be held in April to develop an agenda for actions to be taken. The SAES will focus on identifying needs for training or services, ways of communicating information and expertise among security educators and ways of sharing products and production resources. Approaches under consideration include development of models or standards for security training, expanded training for trainers, networking among trainers, and improved and more widely available publications and catalogues. See also #2 above.

7. Monitor and report annually on accomplishments in strengthening awareness in the contractual sector.

STAT

P. 19, President's report. Lead: PSC

° SAES has been assigned primary responsibility for this task and will discuss approaches during their April planning meeting. Monitoring awareness in the contractual sector is largely a continuous process. DIS and others include education and awareness in their inspections of contractor facilities and contractors in general do a great deal of self-improvement and pooled effort to mutual benefit in this area.

STAT

8. Ensure that agencies use all appropriate remedies against employees who violate the law and security regulations. (U)

P. 28 President's report. Lead: ISC

° The new Executive order on standards for access to classified information is expected to address this problem; we will have to wait to see what role, if any, the PSC may have in assisting agencies in this regard. [REDACTED]

STAT

IMPROVE PERSONNEL SECURITY

9. Expedite the preparation and promulgation of an Executive order, applicable to all people with access, which directs common standards for determining need and eligibility for access, for the process of investigation and reinvestigation at all levels of classification, for adjudication of investigative results, for continuing evaluation of personnel with security clearances, and which provides for effective national-level oversight of these procedures. [REDACTED]

STAT

P. 27, President's report. Lead: DoJ

° The Executive order is nearing completion. [REDACTED]

STAT

10. Establish procedures for continuously assessing the reliability--including financial vulnerability--of individuals with access to programs of unusual sensitivity. (U)

P. 27, President's report. Lead: PSC

° DoD has identified among its departments several continuing reliability programs of excellent quality; when properly administered, they appear to be of considerable value. Future tasks of the PSC will include developing guidance for agencies to use in improving existing programs or in implementing them, as needed. [REDACTED]

STAT

11. Develop procedures for the rapid transmission to agencies concerned of criminal justice information on the public record available to DOJ when Justice is aware that it concerns employees or contractors who may hold security clearances. [REDACTED]

STAT

P. 27, President's report. Lead: PSC - FBI

° The FBI will develop a recommendation [REDACTED]

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12. Require that all cleared employees (including contractors) notify the security office of their respective agencies of all personal foreign travel before departure.

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P. 27, President's report. Lead: PSC

° The SAES, with assistance from the Executive Secretary will survey existing regulations and procedures for notification of foreign travel, records keeping, and for guidance and briefings for travelers re the threat, provocations, etc. We intend to develop a model program which agencies can adapt to their needs.

STAT

13. Intensify personnel security research to develop more productive and, when possible, less costly investigative techniques and more specific guidelines for determinations of eligibility for access. To the extent that such research leads to major changes in the methodology of judging an individual's bona fides, determine the advisability and feasibility of setting a common investigative scope for Top Secret and SCI access.

STAT

P. 27, President's report. Lead: PSC

° A subcommittee has been established under the PSC, consisting of DoD/OSD chairmanship and representatives from CIA and OPM. This subcommittee has begun to scope existing and planned research and will make recommendations regarding both substance and priorities in response to the requirements of the President's Report.

STAT

LEGISLATIVE INITIATIVES

° Response for all legislative initiatives: All of the items below are included in the Community's proposed legislative program for the 100th Congress.

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14. Urge restoration in Intelligence Authorization Act of clarification of the authority of the CIA, NSA, and DIA to deal with security problems in the areas of drug and alcohol abuse without regard to the provisions of any other law, rule, or regulation.

STAT

P. 37, President's report.

15. Strongly support legislation that avoids limiting DOD to a year-to-year numerical ceiling for the conduct of its program. The Secretary of Defense should have the flexibility to employ resources involving polygraph examiners as he sees fit to maximize their contribution to personnel security, albeit with close and continuing Congressional oversight.

STAT

P. 39, President's report.

16. Urge legislation that takes determinations concerning access to classified information out of the courts and out of quasi-judicial administrative fora (for example, Merit System Protection Board). (Such legislation would not affect any authority which a court may have to review actions clearly violating established constitutional rights.)

STAT

P. 39, President's report.

17. Support the development of a legislative proposal which modifies Title 5 of the US Code to require Government employment applicants to reimburse the government for the cost of investigation should it be determined that entries on the personnel security questionnaire were knowingly falsely made or that material information was purposely withheld. (U)

P. 40, President's report.

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SENIOR INTERAGENCY GROUP (INTELLIGENCE)
INTERAGENCY GROUP/COUNTERMEASURES (POLICY)
WASHINGTON, D.C. 20505

Physical Security Committee

7 April 1987

MEMORANDUM FOR: Chairman, Interagency Group/Countermeasures (Policy)

VIA: Director, Community Counterintelligence and
Security Countermeasures Staff/IC Staff

FROM:

Chairman, Physical Security Committee

SUBJECT: Status of Physical Security Committee Efforts
on Implementation of Actions Directed in the
President's Report

Attached are items from the President's report on which the
Physical Security Committee is taking action. Following each item
is a note on current status and planned action.

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TECHNICAL COUNTERMEASURES COMMITTEE

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TECHNICAL SURVEILLANCE
COUNTERMEASURES COMMITTEE

IG/CM(T)

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ATTACHMENT D

LEGISLATIVE PROPOSALS

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